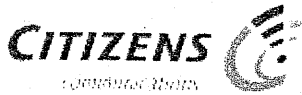


300 Bland Street
P.O. Box 770
Bluefield, WV 24701



February 7, 2002

02 FEB 7 PM 3 12

EXECUTIVE

Mr. David Foster, Utility Rate Specialist
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

02-00144

RE: Tax Flow Through Business Rate Reduction for CTC-VS

Dear David:

Attached are an original and three copies of a Citizens Telecommunications Company of the Volunteer State tariff filing for review and approval by the Tennessee Regulatory Authority. This filing establishes a monthly tax credit of \$1.34 for business touch tone service. The credit equates to a total reduction of \$71,925 in revenues over an 18-month period from 1/1/02 through 6/30/03. A worksheet is included which supports this calculation.

This reduction is necessary to comply with the new provisions in Public Acts of 2001 Chapter 195 enacted by House Bill 864. The bill requires a company engaged in the business of providing telecommunications services that receives a net tax savings as a result of receiving tax equity payments under this Act, to pass the benefit (savings) on to business customers.

An additional copy of this filing is also enclosed. Please date stamp this copy and return it in the enclosed envelope.

If you have any questions, please call me at 304-325-1216.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Michael Swatts".

J. Michael Swatts
State Government Affairs Director

Enclosures

P3/6/02

29. PUSH BUTTON DIALING SERVICE (Continued)

29.2 Rates

	<u>Monthly Rates</u>	
Business - per exchange access arrangement,	\$1.50 ⁽¹⁾	(C)
Residence - per exchange access arrangement,	1.25	
Key Systems - per line,	1.50 ⁽¹⁾	(C)

Note (1) An automatic credit in the amount of \$1.34 will automatically apply to this service as an offset to property tax savings the Company will realize per Public Acts of 2001 Chapter 195. Both the rate for the service and the credit will appear on customer billing.

(N)
(N)
(N)
(N)

Tax Offset Rate Reduction - Tennessee

CTC - VOLUNTEER STATE
SUMMARY REPORT

Feature	ASOC ID	QTY	New MRC	Current MRC	MRC Difference	MRC REDUCTION	18 Month REDUCTION
Touch Tone	TCB	2,962	\$ 0.16	\$1.50	\$1.34	\$ 3,955.88	\$ 71,925.84
TOTAL						\$	\$ 71,925.84

CTC - TENNESSEE
SUMMARY REPORT

Feature	ASOC ID	QTY	New MRC	Current MRC	MRC Difference	MRC REDUCTION	18 month REDUCTION
Rotary Line Hunt	RNHB	2,416	\$ 15.95	\$20.00	\$ 4.05	\$ 9,784.80	\$ 176,126.40
Touch Tone	TCB	13,734	\$ -	\$ 0.75	\$ 0.75	\$ 10,300.50	\$ 185,409.00
Touch Tone Each Trunk	TCPTK	441	\$ -	\$ 0.75	\$ 0.75	\$ 330.75	\$ 5,953.50
TOTAL						\$	\$ 367,488.90